Submission No 52

INQUIRY INTO IMPACT OF RENEWABLE ENERGY ZONES (REZ) ON RURAL AND REGIONAL COMMUNITIES AND INDUSTRIES IN NEW SOUTH WALES

Organisation: Community Power Agency

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Submission to the Upper House committee for regional New South Wales

RE: Inquiry into the impact of Renewable Energy Zones (REZs) on rural and regional communities and industries in New South Wales

January 2025

Executive Summary

Community Power Agency thanks the Upper House committee for regional New South Wales (NSW) for the opportunity to provide a submission to the inquiry into the impact of Renewable Energy Zones (REZs) on rural and regional communities and industries in NSW.

An emerging renewable energy industry could be a much-needed opportunity for economic development in rural and regional communities in NSW. However, several key factors are impacting the realisation of this opportunity. These include:

- Engaging communities adequately in REZ planning, implementation and evaluation;
- Developing genuine partnerships with First Nations peoples in ways that recognise the importance of caring for culture and Country;
- Training and workforce capacity building (including by building workforce readiness, training capacity, workload planning across projects, etc.);
- Sequencing of projects to manage the draw on natural and human resources, and the impacts on communities;
- Coordination of engagement activities to reduce engagement fatigue and duplication, enhance the quality of engagement and ensure that it is tailored to the needs of the local community;

- Regional planning, including land use planning and updated vegetation and endangered/ threatened/ vulnerable species mapping, and incorporating cultural heritage values and local knowledge as appropriate;
- Coordination of community benefit sharing across multiple projects to achieve community-driven, long term strategic outcomes;
- Minimisation of negative cumulative impacts and realisation of potential positive impacts by actively fostering collaborations with local stakeholders on matters including transport, roads, workforce, health, housing, communications and education; and
- Ensuring the energy needs of local communities are met whilst improving resilience, access and affordability across the National Electricity Market and supporting local communities' energy goals.

In many cases, large-scale renewable energy projects in REZs (particularly those not requiring new transmission infrastructure) are planned and constructed prior to any substantial research on cumulative social and environmental impacts, and varying levels of local engagement with communities, particularly in regards to employment, procurement, and benefit sharing. Communities are also experiencing a clear gap in government coordination of multiple projects, and insufficient information about the need for a renewable energy transition in the first place, which would help them to understand the necessity for them to host a new energy future.

There are several ways in which the NSW Government can improve policy and practice for renewables in NSW. We offer the following recommendations for each of the terms of reference of this inquiry (a) to (l):

(a) Current and projected socioeconomic, cultural, agricultural and environmental impacts of projects within REZs in NSW including the cumulative impacts:

(i) Socioeconomic impacts

- **Recommendation 1:** Enhance workforce development and procurement in REZs through greater coordination and investment in local workforce training, improved incentives for developers and contractors to meet local content targets, and stronger partnerships

with local organisations to ensure that participation is inclusive and equitable

- **Recommendation 2:** Improve housing and accommodation strategies for the clean energy workforce by mandating local employment targets, coordinating the sequencing of renewable energy projects, and implementing shared partnership models for housing development and legacy use
- **Recommendation 3:** Supplement community engagement and benefit sharing practices with initiatives (such as Local Energy Hubs) to support communities to engage in REZ consultation processes, and enhance best-practice standards and a 'race to the top' for benefit sharing and community co-ownership of renewable energy assets across NSW
- **Recommendation 4:** Invest in on-the-ground community development staff in REZs and ensure that REZ oversight committees and reference groups include representation from the community development sector and First Nations organisations

(ii) Cultural impacts

- **Recommendation 5:** Engagement with local First Nations communities should begin early in a project's feasibility stage, and acknowledge the rights of Traditional Owners, with an aim to build long-lasting partnerships to manage cultural impacts and opportunities.

(iii) Agricultural impacts

- **Recommendation 6:** Normalise, promote and incentivise dual land use opportunities such as agrivoltaics (agrisolar) and agro-wind for farmers and developers

(iv) Environmental impacts

- **Recommendation 7:** Strengthen environmental protections under NSW biodiversity conservation laws
- **Recommendation 8:** Identify ecological protection and restoration priorities for each NSW REZ and require developers to contribute to specific nature-positive environmental regional outcomes
- **Recommendation 9:** Commit to ground-truthing environmental data and incorporating local knowledge into the management of environmental impacts within REZs

- **Recommendation 10:** Invest in recycling capacity and technology for wind, solar and battery storage materials in NSW
- **Recommendation 11:** Support research and communication to address community concerns and misinformation about the environmental impacts of renewable energy development

(v) Cumulative impacts

- **Recommendation 12:** Require the identification of cumulative impacts on issues such as housing, workforce, nature and land use
- **Recommendation 13:** Integrate the consideration of cumulative impacts into the planning and approvals process for renewable energy developments
- **Recommendation 14:** Resource communities to co-design regional benefit sharing programs that maximise the cumulative opportunity of benefit sharing from renewable energy projects

(b) Current and projected considerations needed with regards to fire risk, management and containment and potential implications on insurance for land holders and/or project proponents in and around REZs

- **Recommendation 15:** Resource the research and development of guidance and training specific to fire risk, management and containment of fires involving renewable energy technologies, and continue to ensure that fire risk management strategies, emergency plans and communications protocols remain fit for purpose in NSW REZs

(c) The historical, current and projected future financial costs associated with construction and maintenance of large scale projects within REZs

- **Recommendation 16:** Continue to drive investment in renewable energy within REZs to ensure the lowest cost pathway for future energy security, in line with the NSW Electricity Infrastructure Roadmap
- **Recommendation 17:** Explore options for community co-ownership and co-investment in large-scale renewable to build community wealth and share long-term revenue from energy production

(d) Proposed compensation to regional NSW residents impacted by REZ transmission lines

(i) Adequacy of compensation currently being offered for hosting transmission lines

- **Recommendation 18:** Consider increasing the average rate of benefit sharing payments (paid *on top of* compensation) provided to landholders for hosting transmission lines in NSW, in line with the Queensland standard

(ii) Adequacy of the shared benefits being offered to neighbours of large scale renewable projects

- **Recommendation 19:** Develop guidance on benefit sharing payments to significantly impacted neighbours of transmission infrastructure to create more equitable outcomes
- **Recommendation 20:** Develop guidance on benefit sharing payments to local communities hosting nearby transmission infrastructure, beyond host landholders and neighbours

(iii) Financial impact of compensation on the state's economy

(iv) Tax implications resulting from compensation received by impacted residents

(e) Adequacy, and management of voluntary planning agreements and payments made to the LGAs impacted by REZs

- **Recommendation 21:** Benefit sharing programs at local and regional scales are not always best managed by Councils, and the most appropriate management structure should be determined according to place-based circumstances and informed by community consultation
- **Recommendation 22:** Council-managed benefit sharing programs under VPAs should clearly communicate the funding source as being from local renewable energy projects
- **Recommendation 23:** Community-led decision-making for Council-managed benefit sharing programs under VPAs should follow clear terms of reference, outlining the process of decision-making and representative appointments

- **Recommendation 24:** Consider adopting a clear mechanism for contributions to Councils beyond VPAs, such as by requiring payments in lieu of rates, to avoid confusion between community benefit sharing and contributions to Councils

(f) Current and projected supply and demand levels of manufactured products, raw materials, and human resources required for completion of REZs and their source

- **Recommendation 25:** Implement the recommendations offered in the Employment, Skills and Supply Chains: Renewable Energy in NSW (Report) and the Supply Chain Analysis Report: NSW Electricity Infrastructure
- **Recommendation 26:** Provide First Nations communities with greater information and resources on the employment and supply chain opportunities in REZs
- **Recommendation 27:** Incentivise renewable energy developers to engage local First Nations businesses in project partnerships and within their supply chains
- **Recommendation 28:** Increase opportunities for local, First Nations people to build skills and experience in alignment with renewable energy employment demands and targets

(g) Projected impact on visitation to regional areas with REZs resulting from changes to land use

- **Recommendation 29:** Support more robust regional planning around land use, nature, housing and other areas as they relate to visitation and tourism in regional areas with REZs
- **Recommendation 30:** Embrace new opportunities for renewable energy tourism, increased economic activity and infrastructure development within REZs to positively impact visitation rates

(h) Suitable alternatives to traditional renewable energy sources such as large-scale wind and solar

- **Recommendation 31:** Better communicate the necessity of renewable energy development and the absence of viable alternatives, including my addressing mis- and dis-information, such as by supporting Local Energy Hubs

(i) Adequacy of community consultation and engagement in the development of REZs, and associated projects

- **Recommendation 32:** Work with the Federal Government to urgently implement the recommendations from AEIC's *Community Engagement Review* (a.k.a. '*Dyer Review*'), including by supporting Local Energy Hubs
- **Recommendation 33:** Allocate and resource state government capacity for REZ coordination, whether this is through EnergyCo, a whole-of-government approach, or a locally-based consortium
- **Recommendation 34:** Resource the implementation of a place-based, community development approach to manage the energy transition in regional and rural communities
- **Recommendation 35:** Prioritise genuine engagement, consultation and partnerships with First Nations communities
- **Recommendation 36:** Develop regional community benefit plans and strengthen developer consultation with communities

(j) How decommissioning bonds are currently managed and should be managed as part of large scale renewable projects

- **Recommendation 37:** Decommissioning agreements should be made publicly available to build transparency, community confidence and developer best-practice
- **Recommendation 38:** Review other policy levers for improving the decommissioning process for renewable energy

(k) The role and responsibility of the Net Zero Commission and Commissioner in addressing matters set out above

- **Recommendation 39:** Identify and recommend specific policy actions to improve REZ rollout, and educate NSW Government agencies, businesses, organisations and individuals on the opportunities associated with REZ development

(l) Any other related matters

- **Recommendation 40:** Invest in community-scale initiatives within REZs to enable residents to achieve their energy aspirations, such as household and small business electrification and energy efficiency projects

These points are expanded on in the subsequent sections of this submission.

Capability Statement

At Community Power Agency, we work with communities, government and industry to help deliver beneficial outcomes for Australian communities as we navigate the transition to renewable energy. We have been working within the renewables sector for over a decade to build capacity and improve practice around community engagement, benefit sharing, co-investment and co-ownership models, housing and workforce development, and biodiversity outcomes for renewable energy projects.

Our staff work across several state renewable energy zone (REZ) contexts: New South Wales (NSW), Victoria, Tasmania and Queensland. Our submission comes from direct experience living and working with communities experiencing large-scale renewable energy development within REZs, particularly in NSW.

Additionally we have authored industry guidelines for the Tasmanian, ACT and Victorian governments; along with other specialist publications for bodies such as the Clean Energy Council and the Institute of Sustainable Futures. Notably, we were key authors of the Clean Energy Council's Guide to Benefit Sharing for Large-scale Renewable Energy Projects.

This breadth of experience has provided us with the knowledge and expertise to understand what policy settings and on-the-ground coordination is needed to enable communities in NSW to experience economic development opportunities of renewable energy and to minimise negative socioeconomic and environmental impacts.

(a) Current and projected socioeconomic, cultural, agricultural and environmental impacts of projects within REZs in NSW, including the cumulative impacts

(i) Socioeconomic impacts

Hosting new infrastructure projects comes with an inherent level of change and disturbance for communities, especially where there are multiple large projects being undertaken, such as in a REZ. A well-coordinated and strategic approach to REZ development will mitigate the negative impacts and maximise the benefits for communities, resulting in a legacy of positive socioeconomic outcomes for regional Australia. The transition to renewable energy is a once-in-a-generation opportunity to contribute to the revitalisation and prosperity of many parts of regional and rural NSW, and communities rightfully expect the transition to be well-coordinated.

Our experience working on the ground in the New England REZ has provided us with a deep insight into the socioeconomic impacts and opportunities of renewable energy development in regional NSW. The most prominent impacts – and opportunities – span across workforce development and procurement, housing and accommodation, and community engagement and benefit sharing. The following recommendations address each of these matters individually, although we note the interconnectedness of each area and suggest a holistic, coordinated approach to REZ planning and delivery with respect to socioeconomic development.

Recommendation 1: Enhance workforce development and procurement in REZs through greater coordination and investment in local workforce training, improved incentives for developers and contractors to meet local content targets, and stronger partnerships with local organisations to ensure that participation is inclusive and equitable

REZ development presents a significant opportunity to build local workforce capacity and jobs, increase local spending and business contracts, and foster long-term economic prosperity for regional and rural NSW. However, the realisation of these opportunities requires greater coordination and investment in local workforce training, improved incentives for developers and contractors to implement local workforce and procurement policies, and efforts to ensure that participation is inclusive and equitable for all community members. We offer the following recommendations to maximise these positive opportunities and mitigate the negative impacts of REZ development in NSW.

1.1 Increase local training and workforce development opportunities in alignment with industry demand

One of the primary barriers to developing a local energy-workforce is the lack of accessible training opportunities, particularly in regional and remote areas where renewable energy projects are located. Many of these communities face a significant gap in workforce readiness, as essential training programs are not locally available. For example, in the New England REZ, apprentice electricians must travel outside the region to Tamworth – between 90 minutes and 4 hours away depending on their place of residence – to undertake requisite courses. Private transport is necessary to facilitate this travel, making it even less accessible.

This lack of local training not only limits job seekers but also compels developers to rely on external workers, straining local infrastructure and forgoing opportunities for community development.

To address this, the NSW Government should invest in targeted training initiatives within REZs. Establishing local training facilities and programs, coupled with awareness campaigns, would help build a regional pipeline of qualified workers. Additionally, reviewing and enhancing incentives for developers and contractors to prioritise local employment would mitigate the current disconnect between stated commitments to local hiring and actual hiring practices.

The clean energy sector's demand for entry-level skills, such as electrician apprenticeships and certifications, underscores the need for geographically accessible training opportunities. Qualifications like the Certificate III in Electrotechnology and Open Electrical Work licenses have broad applicability across technologies such as wind, solar, and battery storage systems. Establishing training facilities in rural areas where these projects are concentrated would improve employability and economic resilience in host communities. Mobile facilities or other flexible options could also be considered. Industry can be supported to engage in, collaborate on or lead the development and operation of training facilities. Community and neighbourhood training providers (such as Adult Learning Centres) should be engaged and supported to play a significant role in building capacity within their communities.

Upskilling initiatives for specialised roles are equally important, ensuring that local workers can take on leadership positions in projects within their regions. Supporting roles in planning, ecological assessment, cultural heritage management, and community engagement should also be included in workforce development strategies. Such initiatives would not only address skill shortages but also strengthen social licence and community support for clean energy projects.

1.2 Attract and support underrepresented groups in the clean energy workforce

The First Nations Clean Energy Strategy 2024 - 2030 provides useful guidance on increasing economic opportunities from renewable energy for Indigenous businesses and communities, which should be central to workforce planning.

Increasing the participation of other underrepresented groups, including women, culturally and linguistically diverse (CALD) individuals, and people with disabilities, is also essential for a truly inclusive workforce. Addressing barriers such as limited access to transport, childcare, and digital literacy is critical. Investment in community-led support services and capacity-building programs tailored to these groups can facilitate greater inclusion.

Practical measures that the NSW Government can take include mandating employment targets for underrepresented groups, and resourcing community connectors to liaise between project proponents and local populations, to ensure that these targets are achievable. Importantly, local stakeholders, including First Nations groups and employment services providers, need to be consulted and informed of planned renewable energy projects much earlier in the planning process, to ensure adequate opportunity to meet employment demands. Our experience working on-the-ground in the New England REZ has demonstrated the gaps in realising opportunities for local workforce and procurement, the detail of which is further outlined below in section (f) of this submission.

Additionally, on-the-job support – such as training supervisors in cultural competency and providing access to counselors – can further improve retention and job satisfaction. Leadership programs and mentoring initiatives specifically designed for women and First Nations people would help elevate their roles in the sector, fostering long-term workforce diversity.

Structural challenges such as insufficient childcare, healthcare, and transport services further limit regional training and employment

capacity. Employers can contribute by offering flexible work arrangements to accommodate family commitments. Inclusive workplace policies and culturally safe environments are also essential for attracting and retaining a diverse workforce.

Worker retention is a significant concern, particularly for women balancing work and family responsibilities. Policies addressing workplace harassment, combined with compliance monitoring, can improve retention rates. Additionally, promoting women in leadership through targeted training and mentoring programs would reinforce their participation and career progression.

To foster inclusive workplaces, cultural competency training and other educational initiatives should be widely adopted. Proactive steps to create respectful environments are necessary to reduce bias and harassment, and the NSW Government can play a leading role in setting and enforcing standards for inclusive workplaces in the clean energy sector.

1.3 Enhance workforce and supply planning through data collection and coordination

Short lead times for clean energy project implementation – often three months or less – create challenges for workforce planning and recruitment. This particularly disadvantages smaller contractors and local job seekers, who may require longer time periods for preparation and upskilling. The NSW Government should facilitate earlier access to project timelines and employment forecasts, enabling communities and training providers to adequately prepare and compete with larger contractors and external job seekers.

Improved data collection is essential for effective workforce planning. Comprehensive, region-specific data on projected workforce needs, skills shortages, and training pathways would empower local communities to capitalise on clean energy opportunities. For example, an interactive map displaying project timelines, workforce

requirements, and training options could enhance transparency and coordination in regions across NSW.

1.4 Ensure safe, fair and ongoing opportunities for workers

Occupational Health and Safety (OH&S) must be central to workforce training and project implementation in the clean energy sector. Clear guidelines for OH&S competencies, coupled with support for local training programs, would enhance workforce safety. Temporary contracts, common during the construction phase of projects, should adhere to mandated standards for pay, benefits, and working conditions.

To ensure job security, the NSW Government should coordinate project sequencing within regions, enabling workers to transition seamlessly between projects and offering retraining opportunities for long-term employment.

1.5 Coordinate worker mobilisation in alignment with local needs

While mobilising interstate or international workers can address temporary workforce shortages, it should not undermine local employment initiatives. Strategic planning for accommodation, healthcare, and community services, alongside robust training pipelines for local workers, would minimise the adverse impacts of workforce mobility.

Skilled migration can address short-term expertise gaps but should prioritise training local workers. For instance, bringing in trainers or educators rather than long-term external workers would build local capacity and ensure sustainable workforce development for regional NSW.

1.6 Build stronger partnerships with social services providers, chambers of commerce and First Nations organisations, to support local people and businesses to take up workforce opportunities

Strengthening collaboration with local organisations, including social services providers, chambers of commerce and First Nations organisations, would promote local people to take up workforce and procurement opportunities in REZs. By leveraging their local expertise, networks, and trust within the community, these organisations could help to build greater community awareness and participation in the sector.

Recommendation 2: Improve housing and accommodation strategies for the clean energy workforce by mandating local employment targets, coordinating the sequencing of renewable energy projects, and implementing shared partnership models for housing development and legacy use

Australia is grappling with significant challenges in housing its growing population, as limited housing availability and affordability places an increasing strain on households. The demand for affordable and social housing continues to grow, alongside a concerning rise in homelessness. Concurrently, the construction of REZ infrastructure may be associated with an influx of temporary workers, placing a further strain on housing and accommodation in host communities.

As discussed above, government initiatives to improve local workforce development will help to mitigate the negative impacts that an influx of temporary workers may have on housing and other local amenities, such as health services. Additionally, there are other proactive strategies that can be implemented to balance the need for short-term worker accommodation with long-term community benefits.

Indeed, while a temporary REZ workforce may be associated with an increased strain on local housing availability, REZ development may also

stimulate greater investment in long-term housing and accommodation. This offers a unique opportunity to contribute to solutions for overall housing shortages experienced across the state. Integrating a legacy aspect into REZ worker-accommodation planning will ensure that housing initiatives provide long-term benefits for regional communities and help to mitigate, rather than contribute to, ongoing issues of affordability and supply.

We offer the following recommendations for the NSW Government to minimise negative impacts on housing availability, and maximise the long-term benefits for regions hosting renewable energy infrastructure.

2.1 Mandate local employment targets for construction workforces

Prioritising local employment can significantly reduce housing pressures and improve workforce availability. For instance, setting a target of sourcing 30% of construction staff from within the region can alleviate demand on temporary accommodations.

Proven models, such as those implemented at Beon Solar Farm in Narrandera,[1] demonstrate the success of targeted employment strategies that engage under-utilised segments of the workforce. These include long-term unemployed individuals, First Nations people, women, single parents, migrants, and others requiring additional support. Such programs can provide dual benefits by addressing both unemployment and housing insecurity for local residents.

2.2 Coordinate the sequencing of REZ projects

Coordinating the sequencing of REZ projects, potentially led by a NSW Government body like EnergyCo, would allow workers to transition seamlessly between projects.

[1] See e.g. Jane Norman, 'How a small town's trajectory changed after the construction of a 600-hectare solar farm', ABC News (21 December 2023).

This approach can help mitigate the cyclical peaks and troughs in housing demand, while offering longer-term employment opportunities within the renewable energy sector.

2.3 Implement shared partnership models for housing development and legacy use

Collaborative efforts between developers, local councils, and community organisations can yield multiple housing solutions, both during and post-construction. This presents a unique opportunity for the renewable energy transition to help deliver long-term affordable housing for regional Australians.[2]

For example, collaborating with local councils and renewable energy proponents to install secondary dwellings on residential properties, or modular and transportable studio housing on host landowners' sites, may help to meet the demand for worker accommodation. Local manufacturers can play a pivotal role in these efforts, increasing local economic activity and building community wealth. These units could house project staff during construction or for a contracted time period, and later serve as housing for landowners' family members or tenants. Examples of similar arrangements include the Kids Under Cover housing programs,[3] and the Harris Transportable Housing Project in Melbourne.[4] Other programs in Victoria and Western Australia have used transportable units on government-owned land to quickly and effectively house people at risk of homelessness, highlighting their potential for workforce housing and subsequent social enterprise use. For instance, the Inland Rail project in Gilgandra, NSW, may locate temporary workforce campsites on land earmarked for housing subdivisions, providing short-term accommodations while preparing the land for future development.[5] A temporary

[2] Katrina Raynor, 'Can Australia's Clean Energy Transition also be a vehicle for social justice?', *Cities People Love*, accessed January 2025.
[3] Kids Under Cover, Our Programs (webpage), accessed January 2025.
[4] Hansen Yuncken, Harris Transportable Housing, *Community Infrastructure Project Summary*, accessed January 2025.
[5] Inland Rail, 'Inland Rail housing partnership enables critical new homes in Gilgandra' (20 July 2022).

accommodation village in Balranald, NSW, serves as another successful example of such dual-purpose planning.[6]

In addition to new-builds, reactivating or repurposing suitable buildings or disused boarding houses may also help to meet increased demand for housing. Repurposing disused buildings can provide short-term accommodation to meet workforce needs, as well as revitalising regional towns and serving as long-term housing once the demand for workforce accommodation subsides. For example, in Ivanhoe, NSW, a mining company proposed converting a former jail for workforce housing,[7] while in Melbourne, a vacant aged care facility was temporarily converted to house older women at risk of homelessness.[8] Such initiatives can address workforce housing shortages and leave a lasting legacy for community use.

Innovative collaborations with Local Aboriginal Land Councils (LALCs) and Community Housing Providers (CHPs) can also maximise the potential to transition both new-builds and repurposed buildings into social, mixed, or frontline worker housing in the post-construction phase of projects in REZs. Regional CHPs can sign multi-year contracts with governments or renewable energy proponents to secure cash flow, attract additional funding, and construct workforce accommodations. These dwellings can then transition to social or affordable housing for frontline workers after the demand for workforce housing subsides, resulting in long-term assets for broader community benefit. For example, Ash Group Holdings – an Indigenous-owned business – designs, builds, and manages workforce villages before transitioning them into social and affordable housing for local communities.[9]

We recommend that the NSW Government explore the use of multi-year contracts and grants to incentivise shared partnerships with

[6] Heidi McElnea and Allison Mudford, Short-term worker accommodation with long-term community benefits: Housing the New England Renewable Energy Zone, *Community Power Agency* and *Orange Compass* (Report, November 2023).
[7] Callum Marshall, Saskia Mabin and Andrew Schmidt, 'Ivanhoe community welcomes plan of mining company Tronox to repurpose former jail', *ABC News* (16 February 2021).
[8] HelloCare, 'Older women and homelessness: How this aged care facility is providing a safe haven' (5 July 2021).
[9] Ash Group Holdings, Facilities Management (webpage), accessed January 2025.

LALCs and CHPs. For example, in Victoria, competitive grant rounds offered by Homes Victoria support housing delivery,[10] and spatially targeted rounds could further encourage partnerships between local councils and CHPs to address housing needs in the context of renewable energy development.

Recommendation 3: Supplement community engagement and benefit sharing practices with initiatives (such as Local Energy Hubs) to support communities to engage in REZ consultation processes, and enhance best-practice standards and a 'race to the top' for benefit sharing and community co-ownership of renewable energy assets across NSW

The community engagement and benefit sharing processes associated with renewable energy development and REZ coordination can contribute toward both positive and negative socio-economic impacts on host communities. For this reason, it is vital that the NSW Government promote and enforce best practice standards for community engagement and benefit sharing in the renewable energy sector. This will help to mitigate negative impacts of recurrent consultation, such as engagement fatigue among community members, and maximise the positive impacts, including community empowerment and co-designed, fit-for-purpose benefit sharing arrangements. To achieve this recommend that the NSW Government:

3.1 Resource communities to engage in REZ consultation processes, such as by supporting the implementation of Local Energy Hubs

Community engagement is a pivotal aspect of all major infrastructure projects in NSW, including in the renewable energy sector. In REZs, communities are asked to consult with developers and transmission network providers across several projects at a time and in succession,

[10] Homes Victoria, Grants, tenders and EOI (webpage), accessed January 2025.

which may contribute to engagement fatigue within communities. To mitigate this risk, we strongly recommend that the NSW Government support communities to engage meaningfully and strategically with renewable energy consultation processes, such as through Local Energy Hubs. Our coalition of civil society organisations have developed a proposed Local Energy Hubs model,[11] to establish a network of 50 independent outreach centres in regional areas, empowering locals to actively participate in and benefit from the clean energy shift underway.[12] As trusted local hubs for information, these outreach centres would ensure that accessible and independent information is available to host communities, and would work to reduce engagement fatigue by streamlining the consultation process for large scale renewable energy development and resourcing local people to meaningfully engage with developers at a regional scale. In addition, Local Energy Hubs would provide feedback loops between communities, government and the proposed research centre, to assist with directing future activities to best address community concerns around REZ development.

3.2 Enhance best practice standards and a 'race to the top' for benefit sharing and community co-ownership of renewable energy assets in NSW

Community benefit sharing is another vital means for generating positive socio-economic impacts from renewable energy development. The recently released NSW Benefit Sharing Guideline[13] sets out a policy approach, objectives, implementation strategy and proposed model for benefit-sharing in NSW.

While we support the development and enforcement of best practice standards for benefit sharing from large-scale renewable energy developments, we **do not support** the NSW Government setting an

[11] Re-Alliance, Community Power Agency, Australian Conservation Agency, and Yes2Renewables, *Policy Summary: Renewables: Local Energy Hubs* (2024).
[12] Visit www.localenergyhubs.org.au.
[13] NSW Government Department of Planning, Housing and Infrastructure, *Benefit-Sharing Guideline: Guidance for large-scale renewable energy projects* (November 2024).

upper maximum limit on the total amount of benefit sharing provided for neighbourhood and local community benefit programs, as appears in the current version of the Strategic Benefit Payments Scheme.[14] Additionally, benefit-sharing arrangements (as related to the planning process) should not preclude additional benefit-sharing arrangements or relationship-building activities occurring directly between project proponents and First Nations organisations, neighbourhoods or other communities who may partner or work together for better project and community outcomes throughout the life of the project.

We recommend that the NSW Government foster a 'race to the top' among renewable energy developers by promoting and enabling community co-designed benefit sharing programs, with options for co-ownership and equity-holding offers for community members and local community groups. Policies to promote and normalise community ownership in the renewable energy sector may include direction setting (such as targets, voluntary guidelines, and standards), to command and control measures (such mandates and set asides), and other incentives like merit criteria and bonus thresholds.

Recommendation 4: Invest in on-the-ground community development staff in REZs and ensure that REZ oversight committees and reference groups include representation from the community development sector and First Nations organisations

Investing in on-the-ground community development staff in REZs is essential to ensuring that renewable energy projects align with the needs, values, and aspirations of local communities. This involves hiring individuals who are embedded in the community and have the cultural and social knowledge required to build trust and foster meaningful relationships. Their role would include facilitating open communication between developers, government bodies, and community members, addressing concerns, and identifying opportunities for local benefits.

[14] NSW Government, Strategic Benefit Payments Scheme: For private landowners hosting major new transmission infrastructure projects in NSW (Policy Paper, October 2022), p. 24.

Additionally, ensuring that REZ oversight committees and reference groups include representation from the community development sector and First Nations organisations is a critical step toward inclusive decision-making. Representatives from these sectors bring expertise in social equity and cultural preservation, ensuring that renewable energy projects are designed and implemented with respect for local knowledge and social well-being.

(ii) Cultural impacts

Recommendation 5: Engagement with local First Nations communities should begin early in a project's feasibility stage, and acknowledge the rights of Traditional Owners, with an aim to build long-lasting partnerships to manage cultural impacts and opportunities.

Engagement with local First Nations communities should begin early, during project site selection, so that cultural impacts and opportunities are considered before, and alongside, other factors such as energy generation capacity and feasibility.

While individual land titles may not sit with local First Nations peoples, proponents should consider Traditional Owners as rights-holders, rather than stakeholders.

Engagement of Registered Aboriginal Parties for cultural heritage assessments required for the project approval process is another opportunity to plan on-going land management arrangements that incorporate Traditional Owners and their communities.

First Nations-led businesses are uniquely positioned to manage cultural impacts of renewable energy projects and should be prioritised for land management partnerships. This could include capacity-building support from government and industry to grow skills and workforce to meet project needs.

(iii) Agricultural impacts

REZ development presents both challenges and opportunities for the agricultural sector in NSW. Community concerns around land use conflict can be addressed by promoting shared land use opportunities, including solar and wind co-location with agriculture (i.e. agrivoltaics and agro-wind). Income diversification for farmers hosting renewable energy projects can also contribute to financial sustainability and long-term support for farming operations. We recommend that the NSW Government:

Recommendation 6: Normalise, promote and incentivise dual land use opportunities such as agrivoltaics (agrisolar) and agro-wind for farmers and developers

Australia is well positioned to be a leader in agrivoltaics. On multiple solar farms across the country, the grazing of sheep is currently being shown to be more productive under solar panels than in adjacent paddocks without them, providing shelter and improved pasture.

The growing of food crops under solar panels is being trialled for our conditions, and has a long history of success internationally.

On wind farms, most agricultural activities including grazing and cropping can continue with minimal disturbance once turbines are reinstalled.

There is a strong case for requiring dual land use as a default approach for developing renewable energy projects that are planned for areas with existing agricultual operations, and that this should be reflected in the planning approval process.

Farmers and developers could also be incentivised through grants and subsidies for implementing dual-use energy models.

Additionally, funding should support research and development to explore best practices and the effectiveness of combining renewable energy with agriculture across NSW's diverse landscapes.

(iv) Environmental impacts

Communities have legitimate questions about the environmental impacts of REZs, however, there is a vast amount of mis- and dis-information circulating in the media, that inaccurately represents the environmental risks of renewable energy development. Likewise, failures of the current planning system to adequately protect the environment have contributed to negative community perception of developer practice, including in the renewable energy sector. To mitigate this, the NSW Government can take several proactive steps to ensure better protection of the environment, as well as to promote nature positive renewable energy development:

Recommendation 7: Strengthen environmental protections under NSW biodiversity conservation laws

The Independent Review of the *Biodiversity Conservation Act 2016 (NSW)*, tabled in NSW Parliament in August 2023, concluded that the Act is not meeting its primary purpose of maintaining a healthy, productive, and resilient environment in NSW.[15]

We strongly agree with the recommendations made in the Independent Review, and were pleased that the NSW Parliament passed the *Biodiversity Conservation Amendment (Biodiversity Offsets Scheme) Bill 2024 (Offsets Amendment Bill)* as a first step in reforming NSW's biodiversity conservation laws. We recommend that the NSW Government continue to reform these laws in alignment with the recommendations outlined in the Independent Review.

[15] Henry, K. et al., The Independent Review of the Biodiversity Conservation Act 2016 (NSW), NSW Government (2023).

Recommendation 8: Identify ecological protection and restoration priorities for each NSW REZ and require developers to contribute to specific nature-positive environmental regional outcomes

We recently worked with the Nature Conservation Council of NSW (NCC) and fellow NCC members and stakeholders – including grassroots organisations based in NSW and Hunter REZs – to develop a suite of policy recommendations for improving outcomes for nature and communities.[16] A key policy recommendation arising from this process is for the NSW Department of Planning and EnergyCo to collaboratively identify ecological and restoration priorities for each REZ in NSW, and to coordinate renewables projects and incentivise developers to align with these ecological priorities.

While renewable energy development can be associated with negative impacts on the environment, such developments also have the potential to generate net positive outcomes for nature. For example, our organisation worked with Stringybark Ecological to develop a Guide to Building Better Biodiversity on Solar Farms, outlining innovative strategies to enhance biodiversity and integrate regenerative farming practices within solar energy projects. Tailored to the New England Tableland bioregion in northern NSW, the Guide's principles are nonetheless applicable across the state.

We recommend that the NSW Government standardise the inclusion of biodiversity considerations from the planning stages of renewable energy development, fostering on-site ecological enhancement. The NSW Government should also promote opportunities to engage with local First Nations ranger groups, leveraging traditional land management knowledge and practice.

[16] Nature Conservation Council of NSW, 'Strengthening NSW Renewable Energy Zones: Joint policy recommendations to improve outcomes for nature and communities' (joint submission made to this inquiry, January 2025).

Recommendation 9: Commit to ground-truthing environmental data and incorporating local knowledge into the management of environmental impacts within REZs

Ground-truthing environmental data and incorporating local knowledge are crucial for managing the environmental impacts of Renewable Energy Zones (REZs). Ground-truthing ensures that remote sensing and GIS data are validated with on-the-ground observations, improving the accuracy of environmental assessments. This process helps identify critical ecological features, such as wildlife corridors and rare habitats, that might otherwise be overlooked. Reliable, verified data enables better site selection and more effective mitigation measures, reducing ecological harm while supporting sustainable development.

Equally important is the inclusion of local knowledge and expertise. Communities, particularly First Nations peoples, often have a deep understanding of the environment, informed by generations of experience. Incorporating this knowledge complements scientific data, highlights culturally significant areas, and ensures that development aligns with local values. By engaging communities early in the planning process, renewable energy projects are more likely to gain social license, minimise conflicts, and adapt effectively to unanticipated impacts. Together, these approaches enhance both ecological integrity and community support, creating a foundation for truly sustainable energy development in REZs.

Recommendation 10: Invest in recycling capacity and technology for wind, solar and battery storage materials in NSW

NSW has significant potential to implement the principles of a circular economy in the renewable energy sector.[17] The Clean Energy Council has offered several recommendations for governments to facilitate greater

[17] NSW Government, *Opportunities in the circular economy: NSW Government submission to the Productivity Commission inquiry* (October 2024), p. 6.

recycling capacity in the sector,[18] including investment in research and technology to improve capacity to reuse, repurpose and recycle materials in Australia.[19]

Recommendation 11: Support research and communication to address community concerns and misinformation about the environmental impacts of renewable energy development

Communities are frustrated by the lack of trusted sources of information, locally relevant data and credible, independent research on the environmental impacts of renewable energy development. This threatens the social licence for offshore wind and requires targeted investment in both research and communication.

A coalition of civil society organisations propose that the Federal Government create a dedicated Research Centre,[20] to lead research on renewables, environment and social impact for the energy transition and be a publicly credible source of facts. The Centre would produce clear, publicly accessible information and undertake outreach to share these resources with communities on the front line of the energy transition. Ideally hosted by the highly credible CSIRO, this Centre would meet the community's calls for research and information about offshore wind that they can trust. In addition, the Local Energy Hubs (as mentioned above under Recommendation 3) would play an instrumental role in ensuring accessible and independent information on the environmental impacts of renewable energy development is available in communities. The NSW Government can offer its support by calling on the Federal Government to fully fund and implement these solutions.

[18] See e.g. Clean Energy Council, *Winding Up: Decommissioning, Recycling and Resource Recovery of Australian Wind Turbines* (April 2023); Clean Energy Council, *Recycling in the future: sustainable solutions for renewable energy technologies* (Fact Sheet, accessed January 2025).
[19] Clean Energy Council, *Winding Up: Decommissioning, Recycling and Resource Recovery of Australian Wind Turbines* (April 2023), p. 25-26.
[20] Re-Alliance, Community Power Agency, Australian Conservation Agency, and Yes2Renewables, *Policy Briefing Note: Renewables: Environment & Social Research Centre* (2024).

(v) Cumulative impacts

There is a clear role for the NSW Government in identifying and addressing the cumulative impacts and opportunities presented by the development of multiple renewable energy projects in REZs. These cumulative impacts and opportunities span across all of the aforementioned matters, including socioeconomic development (workforce, housing, essential services etc.), culture, agriculture and the environment.

These aspects of regional development will be placed under increased strain as the number of renewable energy projects increases in REZs, and yet, with a holistic approach to development planning and management, can be reframed as opportunities for cumulative benefits, such as through regionally-coordinated workforce development, benefit sharing, environmental restoration and land-use planning.

We are pleased to see that the NSW Government has, in the Renewable Energy Transition Update (November 2024), responded to calls to address the cumulative impacts in REZs by committing to undertaking cumulative impact studies for the Central West Orana, New England and South West REZs.[21] We recommend that the NSW Government go further in updating the Renewable Energy Planning Framework to:

Recommendation 12: Require the identification of cumulative impacts on issues such as housing, workforce, nature and land use

At present, there is no comprehensive framework to identify and coordinate the management of cumulative impacts in REZs. The current role of EnergyCo in coordinating aspects of the REZs, including project sequencing and worker accommodation, is not transparent and difficult to report on accurately, but appears limited. As per section 11 of the Energy and Utilities Administration Act 1987 ('EUA Act'),[22] EnergyCo's remit lies primarily in coordinating energy infrastructure, with other coordinating roles subject to changeable

[21] NSW Government, Renewable Energy Transition Update (November 2024), pp. 11-12.
[22] *Energy and Utilities Administration Act 1987 No 103 (NSW).*

Ministerial Direction or a Statement of Expectations for service delivery (see Section 12A EUA Act).

The Renewable Energy Planning Framework needs to comprehensively support the mitigation of cumulative impacts in REZs, rather than relying on the possibility that at some point EnergyCo may play a role in coordinating cumulative impacts.

Recommendation 13: Integrate the consideration of cumulative impacts into the planning and approvals process for renewable energy developments

Existing planning and approvals processes could incorporate cumulative impact assessments, requiring developers to evaluate not only the direct impacts of their projects but also the combined effects of multiple developments in the region on housing, natural resources, and land use.

We recommend that the NSW Government more explicitly reference the Cumulative Impact Assessment Guidelines for State Significant Projects or Social Impact Assessment Guidelines in the main body of the Renewable Energy Planning Framework (currently, these Guidelines are only referenced as an addendum under 'Other assessment issues' in the Framework's Wind Energy Guideline and Solar Energy Guideline).

Recommendation 14: Resource communities to co-design regional benefit sharing programs that maximise the cumulative opportunity of benefit sharing from renewable energy projects

An effective avenue for realising the cumulative opportunities of renewable energy projects is through the strategic coordination or aggregation of benefit sharing programs in REZs, referred to as regional benefit sharing.[23] Pooling the benefits from multiple projects in a REZ gives rise to opportunities to pursue bigger community projects that address more

[23] Hicks, J & Mallee K (2023), *Regional Benefit Sharing - Creating strategic impacts for regions that host multiple renewable energy projects*, Community Power Agency, Sydney, p. 4.

structural and systematic challenges identified by a regional community. These projects may include innovative housing and cost of living relief, affordable energy solutions, and other programs spanning areas such as health, education, youth wellbeing, and economic development.[24] Pooling benefit sharing funds from multiple renewable energy projects can also allow communities to leverage further funds from other sources (such as philanthropic or state government grants) to undertake larger, more complex community development initiatives.[25]

The NSW Benefit Sharing Guideline outlines suggested values and conditions for funds contributed by individual projects to the community as part of standard industry practice. We therefore see an opportunity to explore the strategic aggregation of benefit sharing funds (on top of landowner, neighbour and immediate host community benefits) from multiple projects in REZs, in addition to the pooling of REZ access fees by EnergyCo.

As also noted in the Guideline, REZ access fees are to be payable by generation and storage projects in REZs in order to connect to the new network infrastructure.[26] The REZ Access Scheme is currently being coordinated in the Central West Orana REZ by EnergyCo under the Community and Employment Benefit Program.

For both programs (i.e. pooling funds from REZ access fees, as well as benefit sharing contributions), we strongly recommend that the NSW Government resource REZ communities to undertake a co-design process as a necessary precursor to establishing this program in each REZ. Deep collaboration with the community should be the starting point, to ensure that the vision, functions and governance of the program is fit for purpose. For example, our organisation is currently partnering with Western Downs Futures (a place-based community development initiative established by Western Downs Regional Council in South West Queensland), to establish a pilot program for a community-centred and coordinated approach to regional benefit sharing from renewable energy projects in the region. This has

[24] Hicks, J & Mallee K (2023), *Regional Benefit Sharing - Creating strategic impacts for regions that host multiple renewable energy projects*, Community Power Agency, Sydney, p. 7.
[25] Hicks, J & Mallee K (2023), *Regional Benefit Sharing - Creating strategic impacts for regions that host multiple renewable energy projects*, Community Power Agency, Sydney, p. 9.
[26] NSW Government Department of Planning, Housing and Infrastructure, *Benefit-Sharing Guideline: Guidance for large-scale renewable energy projects* (November 2024), p. 19.

included a series of focus group workshops, research and the development of an options paper, outlining possible governance models for the regional benefit sharing program. We highly recommend that the NSW Government undertake a similar process in collaboration with each NSW REZ community.

(b) Current and projected considerations needed with regards to fire risk, management and containment and potential implications on insurance for land holders and/or project proponents in and around REZs

As part of the NSW Renewable Energy Planning Framework, the NSW Government has addressed questions on the risks and hazards associated with renewable energy infrastructure.[27] With adequate strategies, emergency plans and communications protocols in place, there is no increased risk with respect to fire risk, management and containment.[28] EnergyCo has published similar findings in REZ specific guidelines, including the Central West Orana REZ 'Managing hazard and risk'[29] and New England REZ 'Managing Bushfire Risk'[30] publications.

As referenced by the NSW Government,[31] the Insurance Council of Australia's statement on Farm Insurance and Energy Infrastructure reveals no evidence that land holders and neighbours face implications on insurance due to renewable energy projects in and around REZs.[32]

Nonetheless, it is important to continue to update research and development on hazards and risks associated with REZs. We recommend that the NSW Government:

[27] NSW Government, *Frequently asked questions – Renewable Energy Planning Framework* (2024), pp. 4–5.
[28] NSW Government, *Frequently asked questions – Renewable Energy Planning Framework* (2024), pp. 4–5.
[29] EnergyCo, *Managing hazard and risk – Central-West Orana REZ transmission project* (September 2023).
[30] EnergyCo, *Managing Bushfire Risk – New England Renewable Energy Zone* (July 2024), p. 1.
[31] NSW Government, *Frequently asked questions – Renewable Energy Planning Framework* (2024), p. 4.
[32] Insurance Council of Australia, *Farm Insurance and Energy Infrastructure* (November 2024).

Recommendation 15: Resource the research and development of guidance and training specific to fire risk, management and containment of fires involving renewable energy technologies, and continue to ensure that fire risk management strategies, emergency plans and communications protocols remain fit for purpose in NSW REZs

Collaboration with the NSW Rural Fire Service is vital to ensuring that REZ infrastructure is considered in emergency planning processes related to fire risk and response, and that guidelines and strategies for fire risk management remain updated and fit for purpose.[33]

This may include further research and updates to the NSW Rural Fire Service guidelines as REZ infrastructure is developed, and providing additional training for front-line responders. For example, Fire and Rescue NSW is currently leading a collaborative research program on the Safety of Alternative and Renewable Energy Technologies (SARET), in partnership with other fire services, government agencies, research institutions and industry. It will be important to incorporate the results of this research into updated guidelines on fire risk management and containment in NSW REZs.

(c) The historical, current and projected future financial costs associated with construction and maintenance of large scale projects within REZs

Renewable energy offers the cheapest source of electricity generation and storage in Australia, including in NSW.[34] While significant investment in renewable energy is needed to meet NSW's decarbonisation goals, the net economic benefits of NSW REZs are substantial.[35] Furthermore, the cost of delay in building renewable energy

[33] EnergyCo, *Managing Bushfire Risk – New England Renewable Energy Zone* (July 2024), p. 1.
[34] NSW Government, *NSW Electricity Infrastructure Roadmap – Overview*, NSW Department of Planning, Industry and Environment (November 2020), p. 5.
[35] See NSW Government, *NSW Electricity Infrastructure Roadmap – Overview*, NSW Department of Planning, Industry and Environment (November 2020), p. 9.

infrastructure presents an unacceptable risk to the health of the NSW economy, including residential electricity bills.[36] We recommend that the NSW Government:

Recommendation 16: Continue to drive investment in renewable energy within REZs to ensure the lowest cost pathway for future energy security, in line with the NSW Electricity Infrastructure Roadmap

The NSW Electricity Infrastructure Roadmap commits to creating the right investment settings to incentivise private sector delivery of fundamental renewable energy infrastructure at the lowest cost.[37] We encourage the NSW Government to continue utilising the Electricity Infrastructure Investment Safeguard to drive investment in renewable energy infrastructure in NSW REZs.[38]

Recommendation 17: Explore options for community co-ownership and co-investment in large-scale renewable to build community wealth and share long-term revenue from energy production

Community co-ownership and co-investment in large-scale renewable energy projects can help to reduce reliance on external investors and improve access to long-term revenue from energy production, which can be reinvested into local services and infrastructure. Co-investment also fosters local capacity-building, allowing communities to gain the skills needed to manage and maintain projects, which helps reduce future operational costs. Moreover, it ensures a more equitable distribution of benefits, reducing energy dependence and providing communities with a voice in project decisions, leading to smoother implementation and lower risk of costly opposition.

[36] See e.g. NexaAdvisory, *The Consumer Cost of Transmission Delays* (Report, July 2024).
[37] NSW Government, *NSW Electricity Infrastructure Roadmap – Overview*, NSW Department of Planning, Industry and Environment (November 2020), p. 12.
[38] NSW Government, *NSW Electricity Infrastructure Roadmap – Overview*, NSW Department of Planning, Industry and Environment (November 2020), p. 24-31.

As mentioned under Recommendation 3 of this submission, the NSW Government should explore policies to promote and normalise community ownership in the renewable energy sector may include direction setting (such as targets, voluntary guidelines, and standards), to command and control measures (such mandates and set asides), and other incentives like merit criteria and bonus thresholds.

(d) Proposed compensation to regional NSW residents impacted by REZ transmission lines

The National Guidelines on Community engagement and benefits for electricity transmission projects clarify that compensation and community benefits are not the same, and confusing the two concepts can lead to confusion and mistrust within communities.[39] Compensation is a legal entitlement that must be paid to landholders where a property-interest in their land is acquired for the purpose of hosting transmission infrastructure. Project benefits may include financial benefits or payments to landholders, but these payments are distinct from compensation. For example, some states (including NSW) have introduced project benefit schemes that provide landholders (including those with land neighbouring transmission lines) with financial benefits to *complement* compensation, but these payments are considered part of project benefits.[40]

(i) Adequacy of compensation currently being offered for hosting transmission lines

In NSW, compensation is a legal entitlement that must be paid to landholders under the *Land Acquisition (Just Terms Compensation) Act 1991*. Typically, compensation is paid based on the market value of the property-interests

[39] Australian Government, National Guidelines – Community engagement and benefits for electricity transmission projects, Energy and Climate Change Ministerial Council (July 2024), pp. 28–29.
[40] Australian Government, National Guidelines – Community engagement and benefits for electricity transmission projects, Energy and Climate Change Ministerial Council (July 2024), p. 29.

acquired, as well as the payment of fees reasonably incurred by a landholder in obtaining their own legal and valuation advice in relation to the acquisition.[41]

On top of this compensation, the NSW Government's Strategic Benefit Payments Scheme currently offers landholders a benefit payment of $200,000 (in real 2022 dollars) per kilometre of transmission line hosted, paid out in annual installments over 20 years, beginning once the applicable project is energised (i.e. operational).[42] This is in line with the Victorian standard,[43] but below the Queensland Government's average offering of $300,000 per kilometre over 20 years.[44] We recommend that the NSW Government:

Recommendation 18: Consider increasing the average rate of benefit sharing payments (paid *on top of* compensation) provided to landholders for hosting transmission lines in NSW, in line with the Queensland standard

We support landholders' rights to receive equitable distribution of economic benefits arising from the energy transition in NSW. While the current rate of benefit payments offered in NSW is in line with the Victorian standard,[45] the NSW Government may wish to consider adopting a more flexible method for determining benefit payments for landholders (to allow for higher average rates where appropriate), as is the case in Queensland.[46]

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[41] See NSW Government, Land and easement acquisition and compensation (webpage), EnergyCo (accessed January 2025).
[42] NSW Government, Strategic Benefit Payments Scheme: For private landowners hosting major new transmission infrastructure projects in NSW (Policy Paper, October 2022), p. 10.
[43] See Victorian Government, Draft Renewable Energy Zone Community Benefits Plan (May 2024), p. 9.
[44] See Powerlink Queensland, SuperGrid Landholder Payment Framework (May 2023); Packham, C., 'Queensland sweetens landowner payments to accelerate energy transition', Australian Financial Review (18 May 2023); Parkinson, G., 'Landowners set for huge windfall as Queensland accelerates its SuperGrid transition', *Renew Economy* (18 May 2023).
[45] See Victorian Government, Draft Renewable Energy Zone Community Benefits Plan (May 2024), p. 9.
[46] See Powerlink Queensland, SuperGrid Landholder Payment Framework (May 2023); Packham, C., 'Queensland sweetens landowner payments to accelerate energy transition', Australian Financial Review (18 May 2023); Parkinson, G., 'Landowners set for huge windfall as Queensland accelerates its SuperGrid transition', *Renew Economy* (18 May 2023).

(ii) Adequacy of the shared benefits being offered to neighbours of large scale renewable projects

As iterated above (under recommendation 3.2), we **do not support** the NSW Government setting an upper maximum limit on the total amount of benefit sharing provided for neighbourhood and local community benefit programs, as appears in the current version of the Strategic Benefit Payments Scheme.[47] As recognised in the National Guidelines on Community engagement and benefits for electricity transmission projects, it is important that transmission companies retain the ability to "make additional, discretionary payments for issues of significant community concern, which can build social licence for a project."[48]

Rather than setting an upper limit on the total amount of benefit sharing payments that renewable energy (including transmission) developers should distribute, we recommend that the NSW Government:

Recommendation 19: Develop guidance on payments to significantly impacted neighbours of transmission infrastructure to create more equitable outcomes

In the Victorian Government's Draft REZ Community Benefits Plan, VicGrid proposes to develop guidance on benefit payments, to be made directly by transmission companies to significantly impacted neighbours of transmission infrastructure.[49] The proposed rate is a one-off payment of up to $40,000 (and possible payments above this amount in special circumstances).[50]

In Queensland, Powerlink's SuperGrid Landholder Payment Framework also provides a framework for calculating payments to adjacent landholders within a 1km radius of new transmission lines.

[47] NSW Government, Strategic Benefit Payments Scheme: For private landowners hosting major new transmission infrastructure projects in NSW (Policy Paper, October 2022), p. 24.
[48] Australian Government, National Guidelines – Community engagement and benefits for electricity transmission projects, Energy and Climate Change Ministerial Council (July 2024), p. 29.
[49] See Victorian Government, Draft Renewable Energy Zone Community Benefits Plan (May 2024), p. 18.
[50] See Victorian Government, Draft Renewable Energy Zone Community Benefits Plan (May 2024), p. 20.

The National Guidelines on Community engagement and benefits for electricity transmission projects recognises this emerging practice and it's importance in "build[ing] community acceptance, mitigat[ing] concerns over property value depreciation and help[ing] [to] reduce tensions that may arise in the community."[51] For this reason, we recommend that the NSW Government develop guidelines to encourage fair payments to significantly impacted neighbours, in line with emerging practice in Queensland and Victoria.

Recommendation 20: Develop guidance on benefit sharing payments to local communities hosting nearby transmission infrastructure, beyond host landholders and neighbours

The National Guidelines on Community engagement and benefits for electricity transmission projects encourages dedicated community benefits programs for transmission projects.[52] As stated in the National Guidelines, "[c]ommunity consultation and engagement should determine the specific initiatives that are delivered as part of a community benefits program. Project benefits should be tailored to the priorities and needs of the local community. Separate benefit initiatives that are dedicated to First Nations communities can better cater to their different experience and needs."[53]

We strongly agree with this advice, and while the National Guidelines are briefly acknowledged in the NSW Benefit Sharing Guideline, the NSW Guidelines do not apply to electricity transmission infrastructure.[54] Likewise, the NSW Strategic Benefit Payments Scheme does not address the need for community benefit sharing from transmission projects.[55] We suggest that the NSW Government develop specific guidelines on community benefit sharing from transmission infrastructure.

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[51] Australian Government, National Guidelines – Community engagement and benefits for electricity transmission projects, Energy and Climate Change Ministerial Council (July 2024), p. 29.
[52] Australian Government, National Guidelines – Community engagement and benefits for electricity transmission projects, Energy and Climate Change Ministerial Council (July 2024), p. 30.
[53] Australian Government, National Guidelines – Community engagement and benefits for electricity transmission projects, Energy and Climate Change Ministerial Council (July 2024), p. 30.
[54] NSW Government Department of Planning, Housing and Infrastructure, *Benefit-Sharing Guideline: Guidance for large-scale renewable energy projects* (November 2024), p. 9.
[55] NSW Government, Strategic Benefit Payments Scheme: For private landowners hosting major new transmission infrastructure projects in NSW (Policy Paper, October 2022), p. 24.

(iii) Financial impact of compensation on the state's economy

Both compensation payments to landholders and shared benefit payments are stimulating economic activity in regional NSW.[56] According to the Clean Energy Council and Farmers for Climate Action: "Modelling by the Regional Australia Institute shows that the increase in large-scale solar and wind projects across the National Electricity Market could result in a value-added contribution to gross domestic product (GDP) of more than $25 billion by 2030. When including flow-on supply chain and consumption effects, the Regional Australia Institute calculated that the total national economic output from this renewable energy investment would be over $68 billion."[57]

(iv) Tax implications resulting from compensation received by impacted residents

As noted in the Australian Energy Infrastructure Commissioner's 2022 Annual Report, "[h]ost landholders may be entitled to have reasonable professional fees reimbursed by the proponent, including costs for legal, tax, financial, valuation and insurance advice."[58]

While we have not suggested this as a formal recommendation, it may be useful for the NSW Government to develop guidance for landholders on their entitlement to reimbursement for tax advice, sought during contract negotiation with renewable energy developers.

[56] Clean Energy Council and Farmers for Climate Action, *Billions in the bush: Renewable energy for regional prosperity* (Report, November 2024), p. 11.
[57] Clean Energy Council and Farmers for Climate Action, *Billions in the bush: Renewable energy for regional prosperity* (Report, November 2024), p. 11.
[58] Australian Energy Infrastructure Commissioner (AEIC), *AEIC 2022 Annual Report* (31 March 2023), p. 31.

(e) Adequacy, and management of voluntary planning agreements and payments made to the LGAs impacted by REZs

Voluntary Planning Agreements (VPAs) between renewable energy project proponents/developers and local councils (or other planning authorities) are an effective tool for negotiating and delivering fit-for-purpose contributions toward an LGA's needs. VPAs provide a mechanism for developers to make contributions of a type or value (such as the provision of land, construction of infrastructure or carrying out of certain works) that the planning authority could not require the developer to provide by other means, therefore providing a degree of flexibility to deliver better benefits to LGAs that align with place-based needs and impacts.

Importantly, a high degree of transparency is required throughout the VPA process to preserve the integrity of the development assessment and approvals process. Planning authorities should not place disproportionate weight on a VPA when considering there does not need to be a strong connection between the proposed development and a contribution under a VPA, the existence of some nexus between the two makes it less likely that the VPA may be perceived as an attempt by the developer to 'buy' the planning authority's development consent.

In the NSW Benefit Sharing Guideline, VPAs are recommended as the appropriate mechanism for establishing 'Council-managed' benefit sharing programs.[59] While we commend the NSW Government for clarifying that council-managed benefit sharing programs "must not be used to fund works or services of any kind that should be delivered by a council in the ordinary course of business",[60] we suggest that the NSW Government go further to recognise that:

> **Recommendation 21: Benefit sharing programs at local and regional scales are not always best managed by Councils, and the most appropriate management structure should be**

[59] NSW Government Department of Planning, Housing and Infrastructure, *Benefit-Sharing Guideline: Guidance for large-scale renewable energy projects* (November 2024), p. 17.
[60] NSW Government Department of Planning, Housing and Infrastructure, *Benefit-Sharing Guideline: Guidance for large-scale renewable energy projects* (November 2024), p. 17.

determined according to place-based circumstances and informed by community consultation

As stated in the NSW Benefit Sharing Guideline, benefit sharing programs must ensure that "communit[ies] [are] at the forefront of decision-making."[61] This should include in the design of the governance or management structure for benefit sharing programs, as well as in their implementation.

For example, our team at Community Power Agency have been working in partnership with Western Downs Futures (a place-based community development initiative established by Western Downs Regional Council) and several other local stakeholders, to establish a pilot program for a coordinated benefit sharing in the region. This has involved a series of focus group workshops, research and an options paper outlining possible governance models for the benefit sharing program. Such options include an existing or new (purpose-built) community organisation (such as a Community Foundation), or a dedicated sub-fund hosted by another organisation (such as the Foundation for Regional & Rural Renewal or the Australian Communities Foundation).

We strongly suggest that the management structure for any benefit sharing program is co-designed through a similar collaborative process, which may or may or may not result in a Council-managed benefit sharing program being the preferred option.

Recommendation 22: Council-managed benefit sharing programs under VPAs should clearly communicate the funding source as being from local renewable energy projects

Where a benefit sharing program is managed by Council, it is vital that communities are made aware of the source of funding as being from local renewable energy projects. Ensuring transparency and community awareness of the source of these benefits will help build trust, foster community support, and highlight the positive contributions of local renewable energy projects.

[61] NSW Government Department of Planning, Housing and Infrastructure, *Benefit-Sharing Guideline: Guidance for large-scale renewable energy projects* (November 2024), p. 17.

Recommendation 23: Community-led decision-making for Council-managed benefit sharing programs under VPAs should follow clear terms of reference, outlining the process of decision-making and representative appointments

The NSW Benefit Sharing Guideline states that, for Council-managed benefit sharing programs, "committees should be established to decide how money should be spent and should include representation from different community groups."[62]

We recommend that these decision-making committees are also governed by terms of reference that make clear how decisions are made, and how community representatives are appointed to the committee.

Recommendation 24: Consider adopting a clear mechanism for contributions to Councils beyond VPAs, such as by requiring payments in lieu of rates, to avoid confusion between community benefit sharing and contributions to Councils

In some states (such as Victoria)[63] there are legislated requirements for 'Payments in Lieu of Rates' or for 'Infrastructure Contributions' for new developments.[64] These requirements create a clear mechanism for new renewable energy projects to contribute to the ongoing renewal of public infrastructure managed by Council, separate (and in addition to) community benefit sharing.[65]

[62] NSW Government Department of Planning, Housing and Infrastructure, *Benefit-Sharing Guideline: Guidance for large-scale renewable energy projects* (November 2024), p. 17.
[63] Victorian Government, Department of Energy, Environment and Climate Action, 'Payment in lieu of rates for electricity generators' (webpage) (21 August 2024), accessed January 2025.
[64] See e.g. *Electricity Industry Act 2000* (Vic), s 94.
[65] Hicks, J & Mallee K (2023), *Regional Benefit Sharing - Creating strategic impacts for regions that host multiple renewable energy projects*, Community Power Agency, Sydney, p. 10.

Adopting a similar mechanism in NSW could help to avoid confusion and conflict as to whether renewable energy project contributions are a cost of doing business with Councils, or part of community benefit sharing.[66]

(f) Current and projected supply and demand levels of manufactured products, raw materials, and human resources required for completion of REZs and their source

The completion of REZs in NSW will require substantial amounts of manufactured products, raw materials and human resources, presenting significant opportunities for local content in the clean energy supply chain, including locally produced and supplied goods and services.[67]

In our role as community connectors, working on-the-ground in the New England REZ, we have witnessed several gaps in government policy and practice for maximising local workforce and procurement in the clean energy sector, particularly for First Nations people.

To address this, we recommend that the NSW Government:

Recommendation 25: Implement the recommendations offered in the Employment, Skills and Supply Chains: Renewable Energy in NSW (Report) and the Supply Chain Analysis Report: NSW Electricity Infrastructure

The NSW Government has already commissioned several studies on the challenges and opportunities for renewable energy sector supply chains, which have included recommended actions to address these challenges and

[66] Hicks, J & Mallee K (2023), *Regional Benefit Sharing - Creating strategic impacts for regions that host multiple renewable energy projects*, Community Power Agency, Sydney, p. 10.
[67] NSW Department of Planning, Industry and Environment and MBB Group, *Supply Chain Analysis Report: NSW Electricity Infrastructure* (Report, 2022), Sydney.

realise the opportunities.[68] We suggest that these recommendations are put into practice sooner rather than later, to maximise the opportunities for local workforce development and procurement in NSW REZs.

Recommendation 26: Provide First Nations communities with greater information and resources on the employment and supply chain opportunities in REZs

First Nations groups face challenges accessing information about upcoming renewable energy projects and planned transmission infrastructure in NSW REZs. This limited access restricts awareness of opportunities for economic participation, such as employment and procurement, as well as project and regional-level community benefits that could support future generations. Additionally, the principle of free, prior, and informed consent is often not sought early in project planning, reducing opportunities for meaningful partnerships and engagement.

To address these issues, information should be actively shared throughout First Nations communities, and spaces should be supported for collaborative planning, such as community meetings. Further support could include employing local Aboriginal engagement staff, providing venues, compensating people for their time and expertise, and considering other community-driven ideas to enhance participation.

Recommendation 27: Incentivise renewable energy developers to engage local First Nations businesses in project partnerships and within their supply chains

First Nations and other local businesses face challenges in accessing employment and procurement opportunities in renewable energy projects due to limited genuine engagement and developer-reliance on pre-existing

[68] See e.g. Briggs, C. et al., *Employment, Skills and Supply Chains: Renewable Energy in NSW* (Report, 2022), Sydney: University of Technology Sydney and SGS Economics and Planning; NSW Department of Planning, Industry and Environment and MBB Group, *Supply Chain Analysis Report: NSW Electricity Infrastructure* (Report, 2022), Sydney.

contractors. Incentives for local hires are often inadequate or inconsistently applied, with unclear development timelines and insufficient preparation time for smaller, local suppliers, such as First Nations businesses.

At present, clean energy developers have varied incentives for workforce development, and do not have sufficient information and capacity to adequately plan for the cumulative impacts of multiple projects happening in a region. For example, developers who secure Long-Term Energy Service Agreements (LTESAs) and/or REZ Access Rights, will generally be required to meet particular merit criteria for local workforce training and employment, as set out in the tender guidelines for those agreements. While these standards are enforceable under such agreements, developers are generally required to self-report on their performance, and have options to make 'alternative cash payments' where obligations are not fully met. This effectively 'waters down' the standards for local workforce development and employment imposed under LTESA and/or REZ Access Rights schemes.

Additionally, developers who do not seek or secure LTESAs or REZ Access Rights are not subject to incentives or standards for local workforce training and employment that are set out under the merit criteria for those schemes. There are a limited number of other avenues for imposing local content standards on developers, such as in Voluntary Planning Agreements (VPAs) with local council authorities, but these are seldom used (and ill fitted) for this purpose.

To address these issues, the NSW Government should explore other avenues to incentivise or enforce compliance with the NSW First Nations Guidelines: Increasing income and employment opportunities from electricity infrastructure projects, as well as the objectives and best practice standards set out in the national First Nations Clean Energy Strategy 2024 - 2030. This includes better incentivising developers to invest in early identification of local partners, ensure transparent project requirements, clarify necessary qualifications, and engage First Nations groups from the project scoping phase to increase local and First Nations-led business participation.

Recommendation 28: Increase opportunities for local, First Nations people to build skills and experience in alignment with renewable energy employment demands and targets

As outlined above in section (a)(i) of this submission, local workers (including First Nations people) face challenges in meeting practical experience requirements due to limited opportunities near project sites, making it difficult to complete apprenticeships and gain consistent employment in the renewable energy sector. The boom-and-bust nature of the industry further disrupts workforce stability.

To address this, more dedicated training facilities (such as the Net zero manufacturing TAFE Centre of Excellence in the Hunter) should be established to provide hands-on experience to help workers become job-ready. Developers should be encouraged to invest in training and apprenticeship programs to support long-term skills development.

(g) Projected impact on visitation to regional areas with REZs resulting from changes to land use

Any impacts on visitation to regional areas with REZs in NSW can be managed through strategic land use planning, and opportunities for community development and industrial tourism maximised to maintain (and even increase) visitation, in line with the needs and aspirations of regional communities. We recommend that the NSW Government:

Recommendation 29: Support more robust regional planning around land use, nature, housing and other areas as they relate to visitation and tourism in regional areas with REZs

As discussed under term of reference (a) and elsewhere in this submission, coordinating the energy transition in NSW requires strategic regional

planning on matters including land use, nature and housing. Visitation and tourism should also be included in connection with these matters, to ensure that regional landscapes, communities and economies are not adversely impacted.

More robust regional planning, including land use planning, would help to ensure that natural and agricultural landscapes are maintained appropriately.[69] Likewise, managing short-term housing and accommodation for both short-term workers and tourists (such as through project sequencing and other measures suggested under Recommendation 2) is pivotal to maintaining visitation rates in regional areas.

Recommendation 30: Embrace new opportunities for renewable energy tourism, increased economic activity and infrastructure development within REZs to positively impact visitation rates

There are opportunities to grow the tourism and visitation economy in regional NSW by embracing the economic and infrastructure development brought about by REZs.

Renewable energy technologies can add tourism value and offer educational opportunities for schools and universities (both local and non-local).[70] Additionally, upgrades to roads, transport services and local amenities associated with REZ development can be strategically positioned to increase tourism value for regional communities.

[69] See e.g. Kaelan Cook, 'Renewable Energy and Tourism: Conflict and Compatibility Between Iceland's Major Economic Sectors', *Journal for Global Business and Community* (2024) 15(1), doi.org/10.56020/001c.121428.
[70] Barrie Shannon, Wind energy and tourism: Industry impacts and opportunities for 'wind farm tourism', *University of Newcastle* (Report, 2021).

(h) Suitable alternatives to traditional renewable energy sources such as large-scale wind and solar

There are no suitable alternatives to renewable energy in Australia. Any discussion of nuclear energy as a viable option in the foreseeable future is incongruent with both scientific evidence and Australia's decarbonisation targets. Building large-scale nuclear energy plants would take many years, with the earliest such facility unlikely to be operational before 2040.[71] The small modular reactors currently being discussed are unproven technologies, and even if successful, would be at least a decade away from being safely deployable, far beyond the 2030 deadline for achieving a 43% reduction in greenhouse gas emissions.[72] By then, the government's target of 82% renewable energy by 2030 would leave limited room for nuclear energy. Globally, nuclear power's share of electricity generation has dropped to 9.2%—its lowest in 40 years and nearly half of its 1996 peak of 17.5%.[73] In 2022, renewable energy attracted approximately 74% of global power generation investments, while nuclear secured just 8%, highlighting its lack of economic competitiveness.[74]

Despite the abundant evidence that renewables offer the only viable pathway for transitioning Australia's energy system away from fossil fuels, misinformation continues to circulate in the media, leading to community confusion and division. We recommend that the NSW Government:

> **Recommendation 31: Better communicate the necessity of renewable energy development and the absence of viable alternatives, including my addressing mis- and dis-information, such as by supporting Local Energy Hubs**
>
> As discussed under Recommendations 3 and 9, our coalition of civil society organisations have developed a proposal for a network of 50,

[71] CSIRO, GenCost 2024-25, Consultation Draft Report (December 2024).
[72] Hay Shire Council, Fundamental Principles for Successful Renewable Development in Hay LGA (Report, 2024), p. 30.
[73] Federal Ministry, Republic of Austria, 'Nuclear Power's Share in Electricity Generation Continues to Fall', *Climate Action, Environment, Energy, Mobility, Innovation and Technology* (May 2024).
[74] Hay Shire Council, Fundamental Principles for Successful Renewable Development in Hay LGA (Report, 2024), p. 30.

federally-funded Local Energy Hubs,[75] which would work to distribute facts about the energy transition most relevant to community concerns, and to combat misinformation. For example, a fact sheet developed by the Clean Energy Council on makes clear that:

1. *Nuclear energy would be two to six times more expensive than renewable energy and result in higher power bills for consumers.*
2. *Nuclear is the most expensive pathway to replacing coal generation, which would directly impact Aussie hip pockets, driving energy bills up even higher.*
3. *The prioritisation of nuclear power at the expense of renewable energy investment would put regional benefits at risk including between $7.7 billion to 9.7 billion in direct payments to farmers and $1.9 billion to communities by 2050.*[76]

More effective distribution of these facts, such as through Local Energy Hubs, would help to address concerns and build broad community support for the renewable energy transition underway in NSW.

(i) Adequacy of community consultation and engagement in the development of REZs, and associated projects

In February 2024, the Australian Energy Infrastructure Commissioner (AEIC) (formerly Mr Andrew Dyer, now National Farmers Federation ex-CEO Tony Mahar) released the independent *Community Engagement Review* (a.k.a. '*Dyer Review*'), to advise on improving community engagement on renewable energy infrastructure developments. A key theme of the *Dyer Review* centred on the government coordination, messaging and governance of the energy transition,[77] which has significantly lagged behind the pace of REZ roll-out in NSW. To mitigate this, we recommend that the NSW Government:

[75] Re-Alliance, Community Power Agency, Australian Conservation Agency, and Yes2Renewables, *Policy Summary: Renewables: Local Energy Hubs* (2024).
[76] Clean Energy Council, Clean solutions: why renewable energy triumphs over nuclear in Australia (Fact Sheet), accessed January 2025.
[77] See pp. 37-56 of the Australian Energy Infrastructure Commissioner (AEIC), *Community Engagement Review* (February 2024).

Recommendation 32: Work with the Federal Government to urgently implement the recommendations from AEIC's *Community Engagement Review* (a.k.a. '*Dyer Review*'), including by supporting Local Energy Hubs

Community Power Agency's experience, working on-the-ground with communities in the New England REZ, has solidified our alignment with the recommendations made in the *Dyer Review*.[78] We have directly witnessed the way in which an absence of communication and coordination of the rollout of renewable energy projects directly influences the way that communities experience the energy transition.

The lack of public consultation and communication on the establishment of NSW REZs has been a major contributor to community confusion. The recommendations offered in the *Dyer Review* offer a pathway to alleviating this confusion, but the Government must act now to ensure that communities are no longer left behind.

One effective and practical means for implementing the recommendations from the *Dyer Review* would be to support the roll-out of Local Energy Hubs, as suggested under Recommendation 3 of this submission.

Recommendation 33: Allocate and resource state government capacity for REZ coordination, whether this is through EnergyCo, a whole-of-government approach, or a locally based consortium

Our experience working on the ground in NSW REZs has revealed the sporadic and limited engagement program driven by an under-resourced state-owned infrastructure planner, EnergyCo. For example, the vital establishment of a Community Reference Group for the New England REZ has only just been established, with the first meeting held at the time of writing this submission (January 2025), over 3 years since declaration of the New

[78] See p. 5 of the Australian Energy Infrastructure Commissioner (AEIC), *Community Engagement Review* (February 2024).

England REZ, with minimal engagement undertaken with communities, local councils, First Nations groups and other key stakeholders during the process of REZ-establishment (prior to EnergyCo's formation).

This minimalist approach to engagement in the New England REZ has resulted in missed opportunities to engage with local stakeholders on matters including public consultation processes, project sequencing, workforce preparedness and worker accommodation, skills and training programs, and local procurement.

We implore the NSW State Government to better resource REZ coordination in the New England and other in-flight REZs, whether this is through EnergyCo, a whole-of-government approach or a locally-based consortium to support communities through the change.

Recommendation 34: Resource the implementation of a place-based, community development approach to manage the energy transition in regional and rural communities

From this gap in on-the-ground government coordination, civil society organisations (including Community Power Agency) have stepped in to fill the gaps in community engagement and development in the context of the energy transition.

Our approach is based on the principles of place-based community development, recognising that solutions must be tailored to the specific needs and strengths of a region.[79] This approach emphasises cooperative relationships between communities, governments, and industries,[80] building on local assets and involving participatory processes to empower local stakeholders.[81] Key aspects include:

[79] Regional Australia Institute (2024), *Towards Net Zero: Empowering Regional Communities*, ISBN: 978-0-6459363-5-3, page 10.
[80] Fergus Green, 'Transition policy for climate change mitigation: who, what, why and how', CCEP Working Paper 1807 (July 2018), *Crawford School of Public Policy*, The Australian National University, p. 14.
[81] See e.g. Tom Bedford, Philip Catney, and Zoe Robinson, 'Going down the Local: The Challenges of Place-Based Net Zero Governance', *Journal of the British Academy* 11s4 (2023), 126, https://doi.org/10.5871/jba/011s4.125; P. McCann, *The Recent Place-Based Shift in US Green Industrial*

- *Stakeholder Engagement:* Identify and involve local stakeholders, including marginalised groups, to understand regional challenges.[82]
- *Co-Designing Solutions:* Collaboratively develop energy transition policies and programs with input from communities, ensuring that these solutions are informed by local knowledge and priorities.[83]
- *Decentralised Decision-Making:* Shift from top-down decision-making to a bottom-up, participatory process where communities lead their own transition narratives.[84]

This approach emphasises both the procedural dimension (engagement and co-design) and the substantive dimension (implementation of policies/programs).[85] The outcome is more holistic, adaptive, and equitable energy transition policies that align with a region's existing strengths and promote equitable, sustainable systems change.[86]

However, effective implementation of a place-based, community development approach requires sufficient resources, organisational capacity,[87] and long-term, on-the-ground efforts to build trust and address

and Technological Policies (European Commission, 2023) JRC134097; Regional Australia Institute (2024), *Towards Net Zero: Empowering Regional Communities*, ISBN: 978-0-6459363-5-3.

[82] See e.g. Lyn Simpson, Leanne Wood, and Leonie Daws, 'Community capacity building: Starting with people not projects', *Community Development Journal,* 38(4) (2003), 277–286, https://doi.org/10.1093/cdj/38.4.277.

[83] Regional Australia Institute (2024), *Towards Net Zero: Empowering Regional Communities*, ISBN: 978-0-6459363-5-3, page 10.

[84] Gaylor Montmasson-Clair, 'A Policy Toolbox for Just Transitions', TIPS Working Paper (June 2021), Trade & Industrial Policy Strategies, South Africa, p. 7; Geoff Evans and Liam Phelan, 'Transition to a post-carbon society: Linking environmental justice and just transition discourses', *Energy Policy* 99 (2016) 329–339; https://doi.org/10.1016/j.enpol.2016.05.003.

[85] Fergus Green, 'Transition policy for climate change mitigation: who, what, why and how', CCEP Working Paper 1807 (July 2018), *Crawford School of Public Policy*, The Australian National University, p. 16; Regional Australia Institute (2024), *Towards Net Zero: Empowering Regional Communities*, ISBN: 978-0-6459363-5-3, page 13.

[86] See e.g. Fabrizio Barca, Philip McCann, Andrés Rodríguez-Pose, 'The Case For Regional Development Intervention: Place-Based Versus Place-Neutral Approaches', Journal of Regional Science 52(1) (2012), 134–152, https://doi.org/10.1111/j.1467-9787.2011.00756.x; Fergus Green, 'Transition policy for climate change mitigation: who, what, why and how', CCEP Working Paper 1807 (July 2018), *Crawford School of Public Policy*, The Australian National University, p. 11; Regional Australia Institute (2024), *Towards Net Zero: Empowering Regional Communities*, ISBN: 978-0-6459363-5-3, page 17.

[87] Regional Australia Institute (2024), *Towards Net Zero: Empowering Regional Communities*, ISBN: 978-0-6459363-5-3, page 13.

barriers within the community.[88] The NSW Government has a role to play in better resourcing and supporting community development staff and/or civil society organisations to undertake this vital work in the context of the energy transition.

Recommendation 35: Prioritise genuine engagement, consultation and partnerships with First Nations communities

Our work with First Nations organisations and individuals in the New England REZ has highlighted the need for better partnerships, engagement and consultation with First Nations communities.

The NSW government should continue working with the Federal government and directly with First Nations communities to meaningfully implement an impactful and well-resourced rollout of First Nations Clean Energy Strategy 2024 - 2030 in NSW. This includes the three focus areas of:

- Power First Nations communities with clean energy
- Enable equitable partnerships
- Achieve economic benefits with First Nations peoples

Recommendation 36: Develop regional community benefit plans and strengthen developer consultation with communities

Our work with NCC and fellow members also revealed the need for the NSW Government to develop regional community benefits plans that prioritise the aspirations of both the local and broader communities in REZs, and include benefits such as discounted power for residents and co-ownership of assets like community batteries.

The NSW Renewable Energy Planning Framework should provide clearer guidance as to what "early and meaningful" community engagement looks like. For example, early and meaningful engagement should encompass steps

[88] Noel Healy and John Barry, 'Politicizing energy justice and energy system transitions: Fossil fuel divestment and a "just transition"', *Energy Policy* 108 (2017), 451–459, https://doi.org/10.1016/j.enpol.2017.06.014.

to address the barriers that many regional communities face in participating in consultation processes, such as lack of internet access. When providing notice for a community meeting, developers need to take the specific barriers and needs for that community into consideration and ensure plenty of notice is given to allow full community participation. Early consultation also means early education for communities on the process and the options for defining benefits and how they work. Developers can demonstrate a culture of genuine community consultation through providing resources to help communities participate in the assessment of projects, including consideration of nature and cumulative impacts. Community consultation should also incorporate opportunities for capacity building and engage diverse representatives from within the regions.

(j) How decommissioning bonds are currently managed and should be managed as part of large scale renewable projects

As part of the NSW Renewable Energy Planning Framework, the NSW Government has addressed decommissioning and rehabilitation in relation to both large-scale solar energy projects[89] and wind energy projects.[90] Additionally, in the latest Renewable Energy Transition Update, the NSW Government has explained why government-mandated decommissioning bonds are not economical or appropriate in the context of renewable energy developments.[91] The Clean Energy Council has also released a helpful fact sheet explaining why the risks of stranded renewable energy assets is much lower than, for example, in the mining sector.[92]

Nonetheless, NSW landowners have expressed concerns and confusion about the decommissioning process, and we are pleased to see that the NSW Government has introduced a Private Agreement Guideline and decommissioning calculators to inform landowners of key considerations and cost estimations,[93] allowing them to

[89] NSW Government, *Large-Scale Solar Energy Guideline*, Department of Planning, Housing and Infrastructure (August 2022), pp. 40-42.
[90] NSW Government, *Wind Energy Guideline*, Department of Planning, Housing and Infrastructure (November 2024), pp. 45-47.
[91] NSW Government, *Renewable Energy Transition Update*, Department of Planning, Housing and Infrastructure (November 2024), p. 14.
[92] Clean Energy Council, *Recycling in the future: sustainable solutions for renewable energy technologies* (Fact Sheet, accessed January 2025).
[93] NSW Government, *Renewable Energy Transition Update*, Department of Planning, Housing and Infrastructure (November 2024), p. 14.

make more informed investment decisions. We also commend the NSW Government for clarifying that "landholder[s] may request financial assurances that the project is able to be decommissioned,"[94] providing both landholders and developers with greater certainty on the options for decommissioning assurance.

However, further policy changes can be made to instill broader community confidence in the decommissioning process for renewable energy projects in NSW. We recommend that the NSW Government go further to ensure that:

Recommendation 37: Decommissioning agreements should be made publicly available to build transparency, community confidence and developer best-practice

Policies to make decommissioning agreements public would promote greater transparency and build broader community confidence in the robustness of the decommissioning process in NSW. It would also promote developer best-practice and accountability in the decommissioning of renewable energy assets.

Recommendation 38: Review other policy levers for improving the decommissioning process for renewable energy

There are several other policy levers that the NSW Government could use to further improve the decommissioning process. For example, trailing obligations could be used to address remaining risks in the decommissioning process and instill broader community confidence in the system,[95] and other backstop mechanisms could help to reduce risks even further.[96] There is also scope to improve the process for 'repowering' or extension of project-life in the renewable energy sector.[97]

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[94] NSW Government, *Overview of the Renewable Energy Planning Framework*, Department of Planning, Housing and Infrastructure (November 2024), p. 17.
[95] See e.g. Trevor Thomas, 'Trailing liability for asset decommissioning in Australia', Corrs Chambers Westgarth (30 August 2022).
[96] See e.g. Kenneth Wee, Decommissioning and Rehabilitation: Funding Models, Deloitte (APPEA 2021 Conference and Exhibition, 16 June 2021).
[97] Rachel Williamson, 'Repowering old wind farms could treble capacity, using a lot less turbines', Renew Economy (25 July 2024).

(k) The role and responsibility of the Net Zero Commission and Commissioner in addressing matters set out above

The role and responsibility of the Net Zero Commission and Commissioner is legislated under Part 3 of the NSW *Climate Change (Net Zero Future) Act 2023*, in which section 15 sets out the following most relevant functions:

> *(c) to monitor and review action currently being taken in NSW to address climate change, including*
>
> > *(i) the environmental, social and economic impacts of the action, and*
> >
> > *(ii) action related to the strategies, policies and programs of the Government of NSW*
>
> *(d) to identify and recommend action that should be taken by the Government of NSW to address climate change, including strategies, policies and programs that should be implemented by the Government of NSW,*
>
> *(e) to educate and inform the Government of NSW, businesses, organisations and individuals to promote action to address climate change.*[98]

These functions are clearly wide enough to encompass actions related to the rollout of REZs in NSW. In the Net Zero Commission's 2024 Annual Report, the Commission identified that "a shortage of workforce capacity and failure to secure community support are key risks for [REZ] delivery, especially in relation to large-scale transmission infrastructure. Projects are already facing skills and labour shortages and supply chain constraints for international equipment purchases."[99] The Commission also emphasised the need to secure community support for the energy transition and REZ rollout in NSW.[100]

We welcome this analysis from the Commission, but suggest that their work go further to:

> **Recommendation 39: Identify and recommend specific policy actions to improve REZ rollout, and educate NSW Government**

[98] *Climate Change (Net Zero Future) Act 2023* (NSW), s 15(c) and (d).
[99] Net Zero Commission, 2024 Annual Report (November 2024), p. 23; citing Briggs et al. 2022; Clean Energy Council 2024a; Australian Government and Jobs and Skills Australia 2023; Australian Energy Market Operator 2024a.
[100] Net Zero Commission, 2024 Annual Report (November 2024), p. 25.

agencies, businesses, organisations and individuals on the opportunities associated with REZ development

The Net Zero Commission could go further in its identification and analysis of matters related to workforce capacity, supply chain constraints and community support in NSW REZs, offering more detailed and practical recommendations to NSW Government policy makers, and making these recommendations publicly available to increase transparency and accountability.

We would also like to see the Net Zero Commission fulfil its function of educating and informing the NSW Government, businesses, organisations and individuals about the opportunities associated with REZ development, such as related to workforce development, local procurement and community development.

(l) Any other related matters

In our work on-the-ground in REZ communities, we find a common frustration that communities are asked (or expected) by the government and industry to host large scale REZ infrastructure, without supporting them to achieve their own energy aspirations, such as household or small business electrification, energy efficiency initiatives, and community-led renewable energy projects that directly benefit local residents.

For example, we often meet people who are restricted in their ability to install household PV and are experiencing unreliability on the distribution network, while simultaneously having a proposed transmission line through their property. We are aware of the technical challenges this presents, however, creating congruence in the community experience of the energy transition would help to build social licence for the transition. We therefore recommend that the NSW Government:

Recommendation 40: Invest in community-scale initiatives within REZs to enable residents to achieve their energy

aspirations, such as household and small business electrification and energy efficiency projects

We recommend that the NSW Government invests in initiatives that help to 'close the loop' for local people by empowering them to do household, business and community-level renewables, storage and energy efficiency projects. One way to achieve this would be through the proposed Local Energy Hubs, as referenced throughout this submission.

Conclusion:

We thank you for the opportunity to make this submission to the Upper House committee for regional NSW's Inquiry into the impact of REZs on rural and regional communities and industries in NSW.

We would welcome the opportunity to follow up and provide additional detail on any of the points made herein, either in person at an Inquiry hearing, or in writing.

Kind regards,

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